The Spencer's Inc. Mill Redevelopment Opportunity

And its Potential Role in Meeting the

Housing Needs of Mount Airy and Surry County

by

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Introduction

Figure 1. Spencer's Inc. Complex (Source: City of Mount Airy)

Spencer’s Inc. is a textile manufacturing company that was an active part of the Mount Airy economy for almost 100 years. When it closed its doors in 2007, the downtown mill became a baby blue icon for the loss of an industry that had defined Mount Airy in its physical look, its social atmosphere, and its role in the economic region (baby blue was Spencer’s Inc. trademark color). The 10-acre complex is located in the downtown core and is ripe for redevelopment. Its rehabilitation can address Mount Airy’s and Surry County’s current needs, especially its housing needs. It can also provide amenities and services needed by the town’s constantly-growing tourism and recreation industry. Mount Airy, which is often colloquially called “Mayberry,” has a strong sense of community and history. The city has shown its support for Adaptive Reuse projects through previous mill rehab projects like Renfro Mill and Globe Tobacco Lofts. The Spencer’s Inc. complex provides the city and local developers a new opportunity to continue to value its history while providing the space for its modern spatial needs all in light of a recent economic downturn.

History and Context

This section outlines and examines the history of the textile industry as well as the history of Mount Airy in the context of understanding the Spencer's Inc. project. The two histories are intertwined and help tell the story of why the rehabilitation of Spencer's Inc. is important. They also set up the conditions of present-day Mount Airy and Surry County. Government agencies at both levels are working in partnership to address the regional loss of economic vitality.

The Early History of Manufacturing and Mount Airy

In his book, "The Textile Industry in North Carolina: A History," Brent Glass writes:

> No industry has had a greater impact on North Carolina's history than textile manufacturing. In nearly every region of the state, particularly, the piedmont, textile production has shaped every facet of life—business, politics, architecture, social relations, culture. Many communities throughout the state derive their character from the presence of the textile industry."

Figure 2. Historic Willow Street (Source: City of Mount Airy)

This statement rings true for Mount Airy, a small, historic town located in the northwest corner of North Carolina, at the foot of the Blue Ridge Mountains. The city dates back to the mid 1700s when it was a stagecoach stop between Salem, NC and Galax, VA. Early in the 1800s, Mount Airy established its economy through the nearby rich granite quarries and later on became known for its textile manufacturing.

The textile industry had been present in North Carolina since it was a colony, albeit on a much smaller scale than in the Northeast. Textile producers were small family businesses that took advantage of the state's multitude of small rivers and creeks to transport goods. In 1840, there was an agricultural depression across the state. Cotton prices rose as well as the cost of labor. Local capital was invested into textile businesses and a steady stream of employees recruited from local farms. Glass also states the industry grew because North Carolinian entrepreneurs of the time recognized the relationship between industrialization and the growth of their urban economies. During the Civil War, many textile factories stayed in business by creating material for war uniforms, moving away from strictly spinning yarn. The war allowed North Carolina business leaders to realize manufacturing was a way to become economically diverse and a self-sustaining region. Afterward, these leaders encouraged more mills to open or expand their businesses to help North Carolina recover.

It is often theorized that manufacturing prospered in North Carolina so well because the philosophies of the mill owners and operators was not unlike those of the farmers and agrarian leaders in the state. Glass states the reliance on waterways for power kept mills away from urban areas and in settings more like farms. The mill industry in North Carolina was distinctive from the industrial urban areas in the Northeast. Mill owners ran their businesses by "projecting an image of social responsibility and paternalistic control." (Glass, 1992, p. 25) These business leaders were clearly laying the foundation for the pro-business, anti-union philosophies of North Carolina's 20th century business climate.

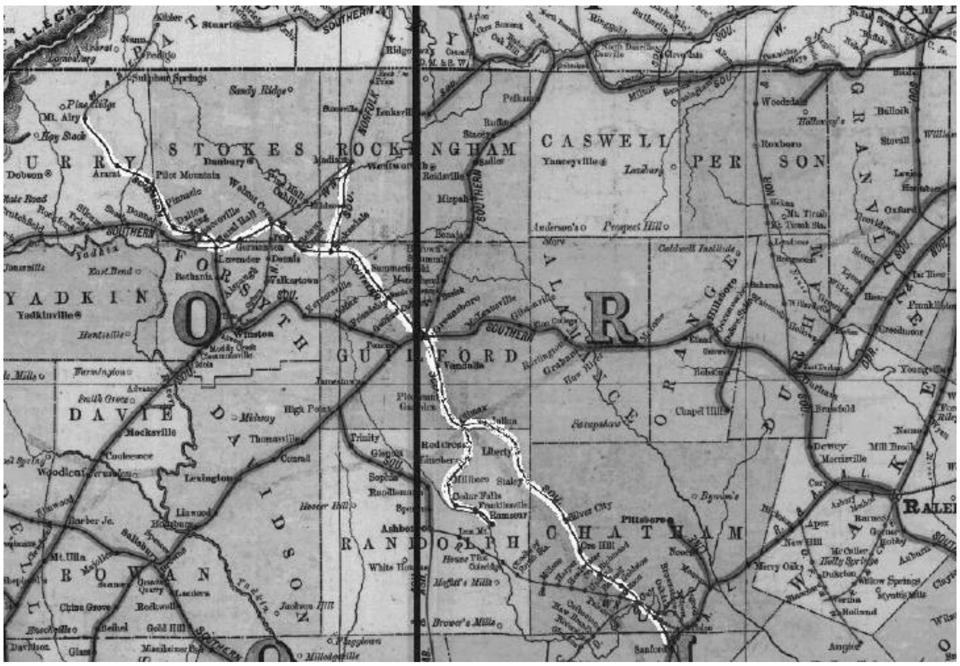

Figure 3. Map of Atlantic-Yadkin Railroad (Source: Southern Railway Website)

Around the time Mount Airy was incorporated in 1885, the flourishing tobacco industry was on the brink of change. Textiles began to take over the economy once the tobacco companies consolidated under the pressure of large monopolies. There was a variety of small tobacco companies located in and around the town. These companies were able to locate away from waterways when railroad construction expanded in the late 1800s.

Railroad expansion and the invention of the steam engine shifted the landscape of manufacturing in North Carolina in the late 1800s. Along with these technological advances, there was a strong political will to shift from an agriculture-based economy to manufacturing. There was a Cotton Mill Campaign that promoted textile manufacturing in the state as a worthy investment and successful enterprise. The promoters of the Campaign went so far as to claim the state was "merely obeying 'natural laws' that foreordained leadership in textile production not only in the South but eventually in the world." (Glass, 1992, p. 31) North Carolina was meant to be a leader in textiles. There was quick adoption of new technologies: the use of steam power in cotton mills quadrupled between 1880 and 1900. In that same time period, the amount of railroad tracks increased from 1,500 miles to 4,000. Rail line ownership also consolidated into three major companies: Southern Railway, Seaboard Air Line, and the Atlantic Coast Line (Glass, 1992).

In Mount Airy, the industries that relied on water for power (such as grist mills) were located along the Ararat River, and other creeks that surrounded the city and fed into the Yadkin River, but the town was also well-connected by rail. Mount Airy was one of the final stops on the Atlantic & Yadkin Railway which connected the town to Stokesdale, Greensboro, Ramseur, and Sanford—all similar textiles- and tobacco-oriented industry towns that were booming in the late 1800s. The railway operated within the North Carolina Piedmont region between 1899 and 1950. It tied Mount Airy into the network of towns accessible via the Southern Railroad (now Norfolk Southern). A portion of the line, from Mount Airy to Rural Hall, is now part of the Yadkin Valley Railroad and is still active.

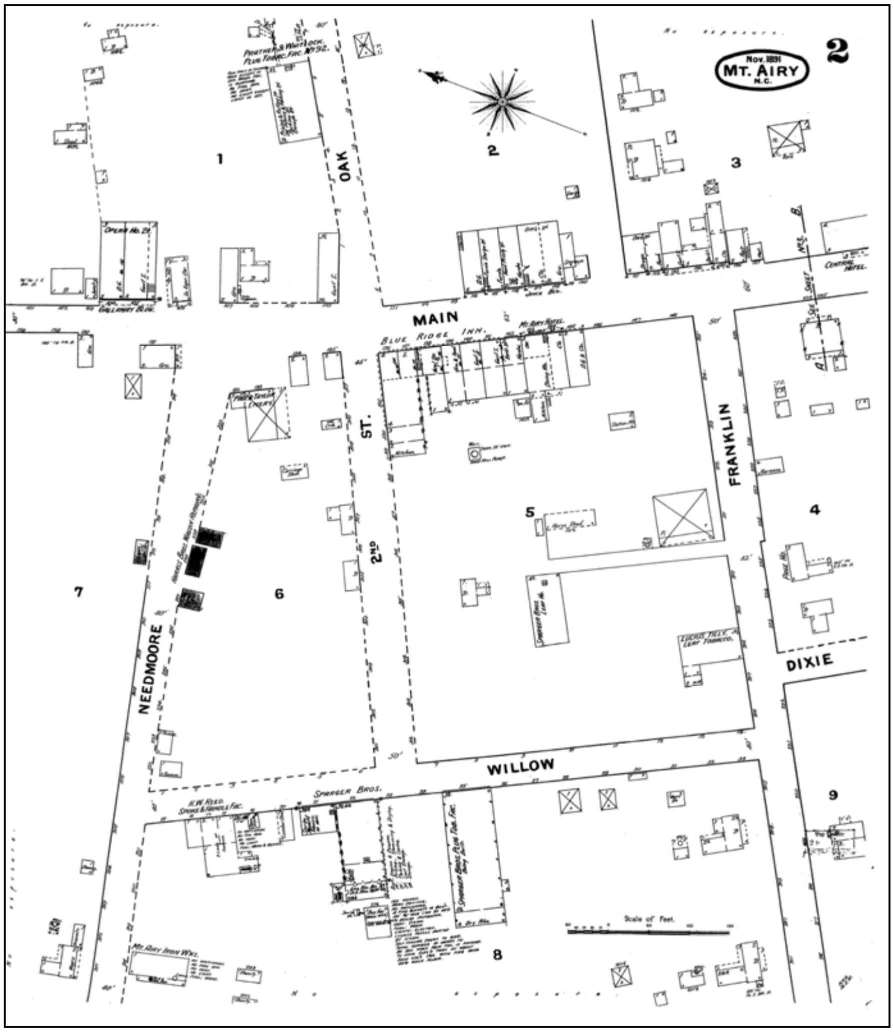

Figure 4. 1891 Sanborn Map of Downtown Mount Airy (Source: Proquest Online Sanborn Map database)

Now, Mount Airy, which had previously relied on tobacco production and manufacturing, could build cotton mills in their downtown areas and get connected to a regional rail transportation network to move goods. Towns like Mount Airy, once sleepy but with steady and small growth, expanded rapidly during this time period. On average, six new mills were built in North Carolina every year between 1880 and 1900. Between 1885 and 1915, the number of textile mills increased from 65 to 318 (this includes cotton, woolen, and knitting mills, all present in Mount Airy at the time) (Glass, 1992). The state was attractive to companies because of its cheap labor and land, relative to the northeast. In the Charlotte Metropolitan region alone, 118 mills were built between 1880 and 1930 (Ingalls & Moore, 2001).

Mount Airy also experienced fast growth and expansion during this time period. Textile mills began operating in the area around the mid 1800s but their presence didn't expand much until the early 1900s. Many of Mount Airy's historic textile and manufacturing mills were built then. Sanborn maps from 1891 show a growing downtown core as well as large-scale industrial complexes starting to emerge at the edges of town. The industries present in Mount Airy were mostly tobacco factories, cotton and grist mills along the waterways and some industrial parts manufacturers. Companies listed on the 1891 Sanborn map are listed in the table below.

The 10 companies associated with the tobacco industry (out of 17) are highlighted. This list demonstrates the numerous small-scale tobacco companies that were present. Soon after 1891, these factories were forced out of business (or bought by) the Tobacco Trust, led by the American Tobacco Company.

Companies listed on 1891 Sanborn Map	
L.W. Ashby & Sons Tobacco Factory	Mount Airy Iron Works
J.M. Brower Tobacco Mill and Warehouse	Prather & Whitlock Tobacco Factory
Olive Forkner & Co. Tobacco Factory	H.W. Reed Spoke & Handle Factory
Fulton & Bro. Tobacco Factory	J.W. Schaub Wagon Shop
Globe Tobacco Warehouse	J.E. Sides Mill
Graves' Tobacco Warehouse	Simmons' Tobacco Warehouse
Hamburg Mills	J.T. Smith Tobacco Warehouse
Harris Bros. Wagon Shop	Sparger Bros. Tobacco Factory & Warehouse
Hatley, Smith & Co. Tobacco Factory	L. Tilly Tobacco Warehouse
Laurel Bluff Cotton Mills	

Figure 5. Source: Proquest Online Sanborn Map database

By 1929, the core of downtown Mount Airy was substantially developed, as seen in Figure 6. Textile companies in Mount Airy began expanding in the 1920s due to a boom in the apparel industry from World War I. World War I created extraordinary demand for the textile products made in the state. These rapidly-growing companies moved into the vacant tobacco factories and warehouses—the large, open spaces accommodated the industry's needs very well.

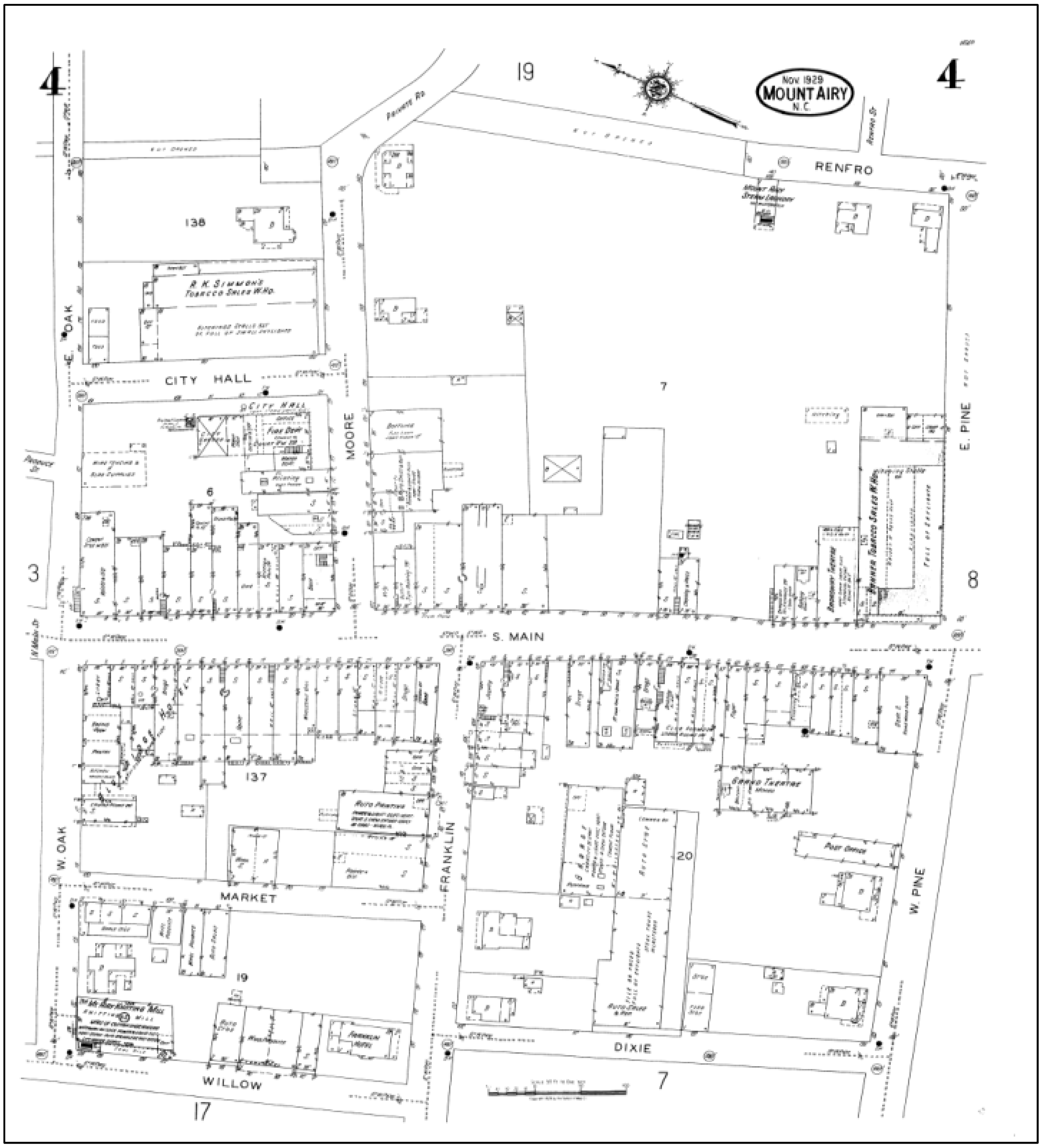

Figure 6. 1929 Sanborn Map of Downtown Mount Airy (Source: Proquest Online Sanborn Map database)

In Figure 7, it is clear that the manufacturing industry in Mount Airy has grown and diversified: it is less dominated by tobacco companies (shaded in green). The existing tobacco companies are also companies that are recognized today: R.J. Reynolds and Liggett & Myers; they are no longer small-scale operations. The textile companies are shaded in brown and make up a substantial fraction of the overall composition. The Sparger's Bros. Complex, the original tenant of the Spencer's Inc. complex, changed ownership a couple of times in the intervening years and became the Mount Airy Knitting Company. The building complex spread across Willow Street and the buildings were connected by a second story enclosed walkway.

Companies listed on 1929 Sanborn Map	
Alpine Woolen Mills	Mount Airy Granite Cutting Co.
Atlantic Gasoline Co.	Mount Airy Guano Co.
J.B. Banner Saw, & Grist Mill	Mount Airy Ice Cream Co.
J.B. Banner Tobacco Sales Warehouse	Mount Airy Iron Works
Bausley Beasley Planing Mill	Mount Airy Knitting Mill
Carolina Button Corp.	Mount Airy Mantel & Table Co.
Consolidated Mirror Co.	Mount Airy Overall Co.
Cottage Canning Co.	Mount Airy Veneer Co.
Foy Lumber & Mfg. Co.	North Carolina Granite Corp.
R.A. George Tobacco Storage	Oregon Hosiery Co.
Granite City Mills	Piedmont Furniture Co.
Gulf Refining Co.	Renfro Knitting Mill
G.K. Hale Button Mfg. Co.	R.J. Reynolds Tobacco Co.
Hayes Textile Co.	Sandusky Cooperage Co.
Hollingsworth Lumber Co.	Sides Mill & Ice Co.
Liggett & Myers Tobacco Co.	R.K. Simmons Tobacco Sales Warehouse
Mayo-Dan Lumber Co.	C.C. Smoot & Sons Co.
W.E. Merritt Planters Tobacco Co.	B.F. Sparger Leaf House
J.D. Minick Grist Mill	Spaugh Mills
Mount Airy Body and Repair Co.	B. Springthorpe & Sons, inc.
Mount Airy Buggy Co.	Tesh Lumber Co.
Mount Airy Chair Co.	L. Wallace Grist Mill
Mount Airy Furniture Co.	Welch's Coal & Wood Yard

Figure 7. Source: Proquest Online Sanborn Map database

This growth continued across the state into the 20th century and North Carolina became the regional and national leader of textile manufacturing. By 1923, North Carolina had surpassed Massachusetts as the leader of textile production, in terms of product value. Over the following few decades, the textiles industry grew, in face of conflicts between organized labor and government regulators.

Mount Airy Knitting Mills was founded in 1926 by J.H. Crossingham and Frank Hatcher, and the name was changed to Spencer's Inc. later. After World War II, the company leaders anticipated the post-war baby boom and switched to manufacturing infant and children's wear.

Figure 8. Andy Griffith Playhouse (Source: In Search of Mayberry book)

Mount Airy's history is tied to its industrial beginnings as much as it is tied to its cultural significance. Most notably, the town is the birthplace of Andy Griffith and it serves as the real-life inspiration for Griffith's fictional Mayberry. Mayberry was popularized across the country in *The Andy Griffith Show*, which aired in the 1960s. Some of the popular places in the show have been in business in Mount Airy since the 1920s (the Snappy Lunch café, for example). The Mayberry brand has brought in tourists since the show ended in 1968 and continues to provide a steady stream of visitors and revenue. It's been a leading driver of the recent change in the local economy to fill the void left from the manufacturing industry with the consumer service industry. Mount Airy is also a center for bluegrass music, folk arts, and North Carolina mountain culture.

The Fall of Textiles

Textile imports in the country began to rise in the 1970s. As Glass states, "the relatively low cost of capitalizing a new textile mill and the low wages of workers attracted foreign manufacturers in developing third-world countries, especially in the Far East and South America." (1992, p. 96) In the face of direct competition, textile manufacturing in the state began to suffer. The price of American-made textiles increased, making the competition all the more stiff. The State government reacted by passing limits on imports. On the federal level, Congress passed a manufacturing protections bill that would have cut back on the amount of goods imported from key nations in Southeast Asia and limit the growth of imports in later years but the bill was vetoed by President Reagan. The industry also responded to the increase in imports by investing in automation technology. These major investments cut production costs but did not help the plight of the textile mill worker. And, all these changes were not enough to stem the tide of jobs and businesses going overseas.

Starting in the 1970s and picking up speed in the 1980s and 1990s, textile mills all across North Carolina began downsizing or shutting their doors altogether. Between 1975 and 1985 800 mills located across the country closed. In 1973, North Carolina's mills employed 293,600 workers, an all-time high. By 1986, that number had dropped to 211,300, a 28% decrease. As Glass writes, "the impact on workers, their families, and their communities was devastating, and it appeared that a way of life that had been deeply embedded in North Carolina would disappear." (1992, p. 100) Mount Airy saw its busy mills move away and leave behind vacant buildings and silent streets. Picking up where Glass ended, Figure 9 shows the number of textile mill closures per state between 1997 and 2009. Over that time period, North Carolina has been the hardest hit state in the country, losing a total of 630 mills.

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	(1997 - to date)
United States	33	32	27	72	49	41	82	48	124	38	42	34	21	630
- North Carolina	9	13	10	37	16	11	33	19	35	14	16	9	6	223
- South Carolina	3	7	6	4	16	5	16	7	29	9	5	4	6	117
- Georgia	6	3	4	6	5	6	5	2	17	6	5	7	0	69
- Virginia	1	2	0	2	3	3	2	3	4	1	3	2	1	27
- Alabama	3	5	5	14	2	1	5	1	7	0	0	0	1	43
- All other states	11	2	2	9	7	15	21	16	32	8	13	12	7	151

Sources: various media and company reports.

- - For a detailed list of textile plants closed by state and by year, click here.

- - For a chronological list of the textile plants closed in the United States by year, click here.

Sources: various media and company reports.

Questions? Contact Kim Pettit at kpettit@ncto.org

Figure 9. Textile Mill Closures in US 1997-2009 (Source: National Council of Textile Organization)

The effects in a community of an institution, likely to have been around for a century, closing are immeasurable. In "The Adaptive Reuse of Historic Industrial Buildings: Regulation Barriers, Best Practices and Case Studies," the author Cantell (2005) explains that the loss of industry in so many North Carolina towns led to a loss of jobs and support for ancillary goods and services (through a domino effect). Entire towns were built around and depended on a single large industrial complex and after the company left, the town's economic vitality was decimated. Those towns typically identified with that industry and when it left, the town was left with no community image. The industrial buildings sat vacant and deteriorated until they were in a state of blight. The buildings could have become catalysts for crime and disinvestment in the area and also raised issues of safety.

A severe loss of jobs can affect a community on many fronts. Cities across the state are grappling with the loss and its consequences in many comprehensive and aggressive ways.

Figure 10. Illustration of Domino Effect from a Plant Closure (Source: author)

The Loss of Manufacturing in Mount Airy

Mount Airy and Surry County have been devastated by textile mill closures and have utilized some economic development tools to address the problem. The city and county are creating programs in workforce development to retrain mill workers, business development and recruitment to attract new firms (manufacturing or otherwise), and regional cooperation to share economic benefits with neighboring partner agencies. Surry County has historically been a center of manufacturing in the Northwest Piedmont. Recently, its workforce has experienced 42 plant closings and 19 layoffs which amount to an elimination of 6,933 manufacturing jobs—a devastating amount of loss for a rural county. These losses have been estimated to equal a corresponding elimination of $2 billion dollars of legacy investment in plant infrastructure and equipment, a sign of the ripple effect of plant closures. The current (January 2010) unemployment rate in the county is 12.5% which is higher than the statewide rate of 11%. 4,215 Surry County workers are unemployed. Those who are still employed have experienced compromise and hardships as well: 30.3% of the workforce, or almost 10,700 workers, commute outside of the county to their job. Surry County residents earn 84% of the average wage in North Carolina and 74% of the national average wage. As a result, the number of people living in poverty has increased more than 70%.

Figure 11. Map of NWPCOG Counties (Source: NWPCOG website)

Not only has Surry County experienced incredible loss, but those losses have been highly concentrated as well. 77% of the county's job loss has occurred to residents in Census Tract 9904, in Mount Airy. In this same census tract, as well as some adjacent census block groups, 26.3% of its residents living in poverty—a rate that is double the national average. This is the largest and most concentrated amount of poverty in the county. Coincidentally, it is located adjacent to the Spencer's Inc. site. Mount Airy's communities have been identified as economically distressed by multiple government agencies including the North Carolina Department of Commerce and the Appalachian Regional Commission. Forbes Magazine named the city as the 4th most vulnerable town in America in 2008. 1000 Surry County residents qualify for Trade Act Adjustment

Assistance which helps those who lost a job in the textile industry pay for courses to learn new skills. Classes are provided at Surry Community College in nearby Dobson, NC.

Surry County, which borders Virginia to the north, is part of the Northwest Piedmont region of North Carolina. This region, defined by the North Carolina General Assembly, is represented by the Northwest Piedmont Council of Governments (NWPCOG) and includes five counties: Davie, Forsyth, Stokes, Surry, and Yadkin. Winston-Salem, the largest city in the region, is in Forsyth County and is the economic engine of the region but the NWPCOG acts as a regional economic development entity for all of the counties. It also provides leadership and assistance, both financial and technical, to its constituents. Recently, economic development has become a large focus of Surry County and Mount Airy officials. Mount Airy is 35 miles northwest of Winston-Salem. Surry County has the highest unemployment rate of all the counties in the NWPCOG, second to Rockingham County by 0.3%. Surry County has 1,764 individuals receiving Unemployment Insurance. The statewide average weekly benefit amount is $289.01. Figure 12 shows an interesting statistic for the NWPCOG region is the age of individuals filing initial claims. Most of the filers are part of the older working crowd, ages 45-54. This could be due to the large amount of mill workers who worked at the same place for decades, which is common.

Age of Individuals Filing Initial Claims, Northwest Piedmont, December 2009	
16-19	1%
20-24	8%
25-34	21%
35-44	26%
45-54	27%
55-64	15%
≥65	2%

Figure 12. Unemployment Claims Data (Source: ES-UI Reporting Unit, Labor Market Information Division)

The severe loss of jobs is paired with an increase of vacant industrial space in Surry County. In January 2009 in Surry County, there were 34 vacant manufacturing plants, or 3,607,486 square feet. It is speculated that there is an additional 1,000,000 square feet of vacant, unadvertised space. Census Tract 9904 and its surrounding area, mentioned earlier for having an extraordinarily high rate of poverty and disproportionate amount of unemployment among its residents, has 22 vacant or underutilized manufacturing facilities that total 1,880,604 square feet.

A consequence of the out-migration of textile mills is the abandoned spaces they left behind. Cantell (2005) gives an overview on the scope of the vacant industrial buildings across the southeastern states that are from the early- to mid- 20th century. They are located in both urban and rural areas, sometimes in the center of towns and sometime on the outskirts. Some of the buildings are complexes that include housing and other uses. Generally, the industrial buildings are characterized by large square footage, sturdy construction designed to carry heavy machinery, thick masonry or concrete walls, and have a lot of windows for naturally-lit interiors. In North Carolina, old industrial buildings are usually textile mills or tobacco plants. Overall, the buildings are ideal for rehabbing into other uses, especially housing and office or commercial uses. They generally cannot be reused for industrial purposes due to the different needs of modern manufacturing.

The city is focused on filling these vacant spaces with new businesses through retention and attraction programs. In early 2010, the mayor of Mount Airy and a few other city officials met with representatives in Winston-Salem to begin a concerted partnership between the two cities in terms of economic development and tourism. There are already numerous connections including a regional bus system, PART (Piedmont Authority for Regional Transportation) that brings residents in Surry County into Winston-Salem every weekday. The cities look forward to creating relationship where both can benefit from economic activity in the other city. The mayor gave an example of a business looking to relocate in Winston-Salem and being passed along to Mount Airy if it is a better fit. The two agencies would also like to partner to create an I-74 bypass around Winston-Salem. A bypass would benefit Mount Airy by reducing travel time between other cities in North Carolina, which could potentially attract more businesses to relocate in Surry County.

The 21st Century Mount Airy

Mount Airy is currently served by several heavily-used transportation corridors. It is connected to Winston-Salem and the Triad (Greensboro and High Point) by US-52. I-77 is just west of Mount Airy and connects the region to Charlotte and Atlanta to the south and southwest Virginia and West Virginia to the north. These major corridors bring thousands of visitors through Mount Airy every year, typically on their way to other recreational destinations. The city would like to keep these day visitors in town for longer durations. The Blue Ridge Parkway, a popular tourist destination, is less than 10 minutes from downtown Mount Airy. Many of North Carolina's premier mountain destinations are a short drive away as well. Overall, the city is well situated to continue to attract more visitors and be easily accessible for businesses and residents.

Figure 13. Map of Transportation Corridors in Surry County (Source: SCEDP website)

Downtown Mount Airy is a vibrant, attractive city center and serves as the economic engine for the local tourism industry. It is considered one of the most successful downtowns in the state and it's nearly 100% occupancy rate does not reveal the regional job loss of the past few years. The downtown has benefited from a strong and efficient tourism development and marketing strategy. The service industry is growing. As of fall 2008, the central business district had 161 businesses that employed 960 people.

Downtown is home to some of the area's most popular visitor destinations including: the Andy Griffith Museum, the Andy Griffith Playhouse, the Mount Airy Museum of Regional History, the Downtown Cinema Theater, and many real-life relics of the Andy Griffith Show like the Snappy Lunch Café, the Old City Jail, and Floyd's City Barber Shop. The town hosts festivals and events throughout the year including the very popular Mayberry Days, a celebration of the show and the town.

Physically, the town runs roughly north to south along Main Street. West Pine Street is the main East-West corridor that splits the town into north and south. The northern part of town is mostly residential. Spencer's and Renfro Mill are two blocks west of Main Street at Oak Street and Willow Street. The large open-air granite quarry, the largest in the world, is two miles east of downtown.   The large Mount Airy Public Housing Project is located behind Spencer's on Virginia Street, but also very close to Main Street.

Spencer’s Inc. Textile Mill

This chapter describes the physical characteristics of the Spencer’s Inc. Complex and identifies the aspects of the mill that makes it attractive for reuse.

Spencer’s Inc. was an apparel manufacturer specializing in infant and children’s sleepwear. The structures that make up the Spencer’s complex have existed in Mount Airy for over 100 years but were occupied by different companies first. The old Sparger’s Bros. Tobacco Factory and Warehouse Complex became Spencer’s by way of Mount Airy Knitting Mills. In 1891, Sparger Bros. Employed 180 workers and by 1905, the number of workers expanded to 700 daytime workers. Early in its lifespan, the complex was comprised of three historic multi-floor brick buildings along Willow Street. They were used to manufacture a variety of products including processing tobacco, tractor parts, and later on, textiles.

Map No.	Structure	Year Built*
8	Five Story Sparger Bros	1892
12	Four Story Sparger Bros	1892
1	Three Story Leaf House	1905
13	Three Story Office Infill	1920
14	Two Story Storefront	1920
5	Stewart Building	1924
2	Leaf House Addition	1930
4	Willow Street Office	1930
7	One Story Storefront	1930
10	Buick Dealership	1935
6	One Story Infill	1940
11	Ararat Office Bldg	1940
3	Office Bridge over Alley	1950
9	Discount House	1955
20	Dye House	1971
21	Knitting Plant	1971
22	Knitting Plant Docks	1971
18	The Big Roof	1978
19	JC Penney	1978
15	One Story Dock	1980
16	Three Story Block	1980
17	One Story Block	1990
	*approximate	

Figure 14. Structures on Spencer's Inc. Property (Source: City of Mount Airy)

Spencer’s used the complex for a multitude of manufacturing processes related to textile and apparel. Those processes include knitting, dyeing, finishing, cutting, sewing, and packaging its final products, mostly infant and children’s sleepwear. The sprawling complex is made up of 22 buildings or additions. Over the 20th century, as the complex grew, it built additional buildings. Some of the buildings were free-standing structures and others were additions to existing structures. In one case, a new warehouse was built around an existing barn, which was demolished after the warehouse was constructed. The outline of one of the barn’s exterior walls can still be seen on the inside of the warehouse building. Overall, the additional structures were built to accommodate the manufacturing process first and foremost. The relationship to other buildings, especially on the exterior was not as important as the flow between the interiors of buildings.

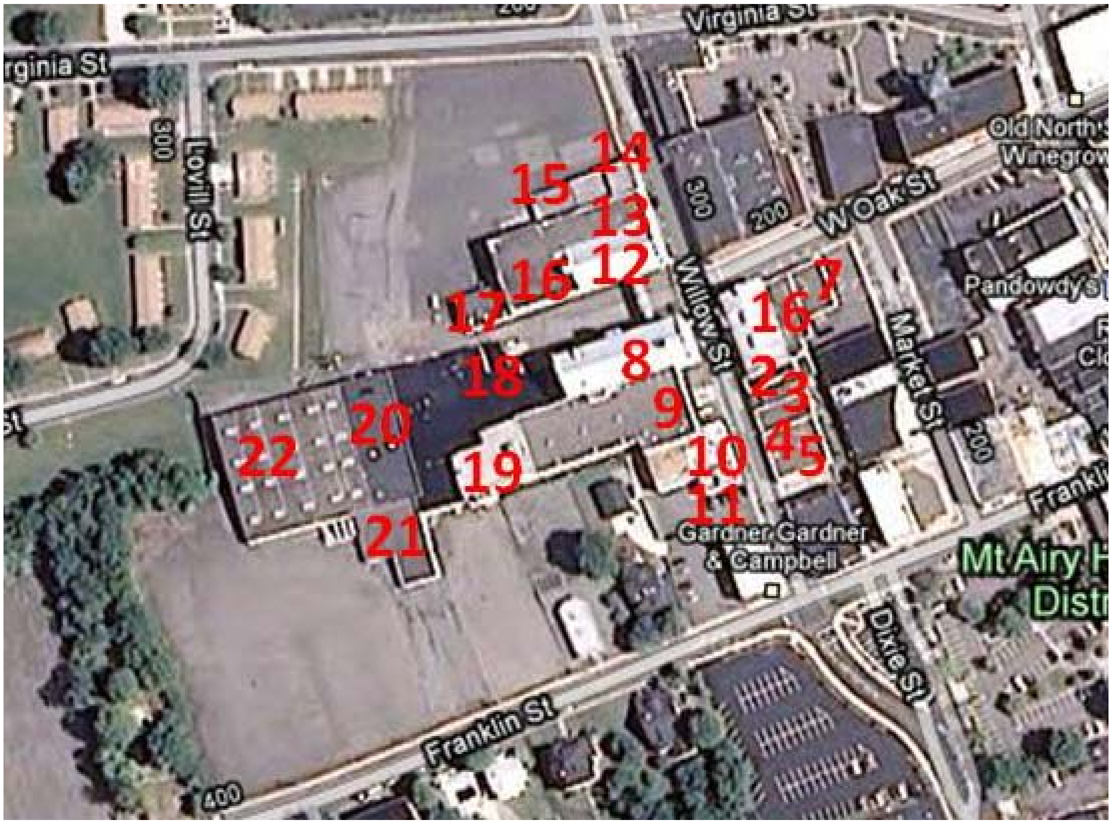

Figure 15. Map of Spencer's Complex (Source: City of Mount Airy, Google Maps)

Figure 14 shows all 22 structures presently on the Spencer's Inc. property. The numbers correspond to the Building Numbers on Figure 15.

The oldest buildings are rectangular with stepped, gable parapet ends facing Oak St. They are brick construction with wood columns supporting the interior floors. There are regularly-ordered windows along the lengths of these buildings and most of them have been bricked up over the years. These buildings have also, for the most part, been painted light blue on the exterior, which was the trademark color of Spencer's Inc.

The newer buildings, built in the latter half of the 20th century, are generally steel-frame construction with brick curtain walls or metal siding. These buildings are generally one tall story or two-stories to accommodate office or storage space. Some have skylights and they generally do not have windows. There is also a small free-standing building of mid-century design that served as the medical offices for the company when it was in operation. This building is on Franklin Street.

The entire Spencer's site extends from Willow Street along Franklin Street to McCargo Street and north to Virginia Street. There are also several parcels across Willow Street, along Oak Street, that belong to the Spencer's site. The complex borders the Mount Airy Housing Authority to the North and West as well as some underdeveloped city-owned land to the West. There is also an empty lot to the north of the site, across Virginia Street. These properties can be combined for a total developable area of 17.6 acres. Spencer's is 10.2 acres, or 441,518 SF of total property square footage. The buildings combine to a total building footprint of 148,486 SF.

Site improvements (such as parking, landscaping, and driveways) equal 293,032 SF. Spencer's provided a lot of surface parking lot for its workers when it was in operation. It is mostly located on the western and northern portions of the site.

The mill has a multitude of characteristics that make it attractive for redevelopment. The overall site is located in Downtown Mount Airy close to many services and amenities. It is also adjacent to some neighborhoods and a redevelopment could help connect those neighborhoods to downtown in a more structured form. The site is large: there is a lot of acreage without any structures. Those spaces offer little or no restrictions to what could be built. The complex already has infrastructure: water and sewer, electricity, and streets. And, the structures themselves are in good condition and some are historic which provides unique opportunities for redevelopment.

Precedents

Precedent studies are critical to understand what similar projects exist and how they achieved success. It is also important to look at precedent projects to know what barriers and limitations they faced that a proposed project is also likely to face. For adaptive reuse projects like Spencer's, it is fortunate that North Carolina is a state that has a lot of history in accommodating similar types of projects. In Mount Airy, there is a strong history of adaptive reuse and redevelopment projects that are similar to Spencer's. Two projects, Renfro Mills and Globe Tobacco Lofts, are similar because they are historic industrial buildings in downtown Mount Airy that have been renovated into housing. Another similar project outside of Mount Airy is the Golden Belt project in Durham, N.C. Another important set of case studies are the numerous industrial facilities in Mount Airy that have been repurposed to fit present industrial and commercial business needs. These examples are buildings that are not within the downtown core and they are also not historic buildings. They demonstrate the City's commitment to reusing the expansive amount of vacant buildings in the area.

Renfro Mills

Renfro Mills is an adaptive reuse residential project located in downtown Mount Airy, across Willow and Oak streets from the Spencer's property. The building, originally Roberts Leaf Mill, is from 1892 and was originally a tobacco leaf plant and later use as a sock manufacturing facility by Renfro Hosiery. The building was renovated in 2002 into thirty-seven high-end condominium units.

Figure 16. Renfro Mill (Source: City of Mount Airy)

Like Spencer's, Renfro Mill is located near existing commercial properties as well as near the Mount Airy Public Housing Authority. The 100,000 square foot masonry building was listed on the National Register of Historic Places while it was being renovated. The developers cleaned up the interior and demolished historically-insignificant adjacent buildings. In terms of financing, the developers used historic tax credits, available due to its National Register status, and passed the tax credits through to the buyers. They received $2million in tax credits and the rest of the estimated $5-6 million total cost was paid for through private funding. The project cost $85 per square foot according to a report published by Preservation North Carolina. Its demolition costs were $3 per square foot and the cost estimates for new construction for the same use is $20 million.

The renovation of Renfro Mill has become a statewide example of successful downtown adaptive reuse housing projects in a small community. The tax value of the property exceeds $6 million and the resale prices of the housing units have increased almost 40%. The Preservation North Carolina report also states the City's Planning Board and Fire Department were "very helpful with rezoning needed to allow the project to move forward." (Preservation North Carolina, 2009) The biggest challenge for the developers was compliance with the state building codes, especially concerning fire separation between units. This challenge would be alleviated for any current adaptive reuse projects because the state adopted a rehabilitation building code in 2006, after Renfro Mill was renovated, to provide specific regulations for a scaled variety of rehab projects, including change of use projects.

Figure 17. Globe Tobacco Lofts (Source: author)

Globe Tobacco Lofts

Globe Tobacco Lofts is another adaptive reuse residential project in Mount Airy. The project is located in the southern part of downtown, not as close to the Spencer's property as Renfro Mills. The original structure was built around 1887 and was used as a tobacco storage warehouse, a barrel-making shop, and a textile mill. The renovation into 43 rental housing units, 34 of which are rented at below-market rates to qualified residents, was completed in late 2007. The developer, The Landmark Group based in Winston-Salem, strived to maintain the historic character of the warehouse and meet the needs of the town residents, according to an article published on the National Housing & Rehabilitation Association's HousingOnline.com website (2008).

Globe Tobacco is, once again, located in downtown near existing commercial properties as well as important community service providers. The developers faced some environmental remediation issues during the redevelopment process such as lead paint and asbestos. They also applied for the North Carolina State Historic Mill Rehab Tax Credit and Low Income Housing Tax Credit in order to fund the project. The total cost was $8.4 million and the tax credits and other funding sources are listed in Figure 18.

Funding Source	Tax Credit Amount
Federal Low Income Housing Tax Credit	$3.6 million
Federal Historic Tax Credit	$1.2 million
State Historic Mill Rehabilitation Tax Credit	$1.3 million
NC Housing Finance Agency Loan	$1.5 million
City of Mount Airy Loan	$645,000

Figure 18. Funding Sources for Globe Tobacco Lofts (Source: NH&RA website)

Landmark kept historic elements of the interior like the large windows, wood floors and beams, and the wooden window frames and they also were able to incorporate energy-efficient elements into the renovation, including appliances, heating and air conditioning units, and lighting. They also created a communal open space in the middle of the building. The biggest challenge in the project was matching the needs of the market to what the National Park Service would allow for a rehabilitation of a federally-recognized historic structure. Again, the City was very accommodating in the development process and created few barriers.

Figure 19. Golden Belt at night (Source: Triangle Catering website)

Golden Belt

Golden Belt Complex is a mixed-use adaptive reuse project in Downtown Durham, NC. It encompasses seven acres of LEED-Gold certified historic buildings that were once a part of the Golden Belt Textile Factory. The buildings date to around 1900 and was an anchor for the surrounding residential community. Today, the surrounding neighborhoods are low-income, highly-disinvested areas in the city. The rehabilitation project included historic home rehabilitation to re-stitch the historic community fabric.

Scientific Properties, the developers of the project, redeveloped the vacant warehouses into a mixed-use campus with residential lofts, artist studio spaces, retail and office space, an entertainment and event venue, and restaurant space. In order to finance the project, Scientific used New Market Tax Credits, available due to the project's location in a qualifying low-income census tract. The complex is listed on the National Register of Historic places and is now valued at over $26 million (TBJ Article, 2009).

The site for the Golden Belt rehabilitation project was large, and required phased development and Brownfield remediation. There were a variety of issues the developers needed to address including the state of its surroundings, its proximity to the downtown core, and the mixed use nature of the desired program. The coordination of all of these issues and the way Scientific addressed Golden Belt's role in the surrounding neighborhood can serve as lessons for the Spencer's project in Mount Airy.

Other Mount Airy Precedents

Adaptive reuse examples in Mount Airy are not limited to its historic industrial buildings. Manufacturing was a vibrant and growing industry through the 1970s in the City and its infrastructure reflects that. There are many industrial buildings that were built in the 1970s-1990s that sit vacant. They are typically of concrete slab, steel-frame construction—a stark contrast to the masonry and heavy timber construction of the older structures. Of the 34 manufacturing spaces that were vacant in 2009 in Surry County, 27 of them are in Mount Airy. The City is engaged in an active campaign to get these spaces filled by new businesses. Their economic development approach has targeted local businesses that are expanding as well as attracting businesses from outside the area. The city recognizes that although these structures do not have the historical value and community image of the older buildings like Spencer's, they have more potential to be reused for a similar use, like another manufacturing company. This is a vital part of their economic development plan since there is such a large amount of workers who are skilled in manufacturing and are looking for work. The older structures are not well-suited to match the current standards of the industry and thus require more resources to be reused.

A cluster of these newer spaces that have been reused are located just east of downtown Mount Airy, near the granite quarry and along the Ararat River. One example is the old Cross Creek textile mill. The building was originally part of the Quality Mills Company and was purchased by Russell Mills, an athletic apparel company. Cross Creek Apparel Inc. was known for making Cross Creek golf shirts but began scaling back in 1999 due to company restructuring and eventually closed their facilities in 2007. Since then, the City addressed the large vacant structure by subdividing the space into smaller units for industrial or commercial uses, or what one city official referred to as "manufacturing condos." The units are similar to condos because businesses can own just part of the overall building and are not responsible for the overall site maintenance. Through this method, the City was able to find a number of tenants to fill the new spaces and it is currently occupied by a childcare facility and cardiovascular offices.

Figure 20. AES and Southdata building (Source: Flickr website)

Down the street from the old Cross Creek manufacturing complex is a knitting plant that has been subdivided into two new spaces: AES, Advanced Electrical Systems, and Southdata share the space 60%/40%, respectively. AES is an industrial electronic repair company that expanded into its current space in the old knitting plant. Southdata is a document management provider company that was started by Mount Airy residents and also expanded into the current space. The new restructuring of these old textile plants into newer technology-focused industries has materialized itself even in the street name which has changed to "Technology Lane."

Near AES and Southdata is another example of reusing old textile manufacturing space for new industries. An adjacent cutting plant has been subdivided so that the old textile plant's office space is occupied by Mount Airy Hospice and Palliative Care offices and the large, uninterrupted work space behind the offices is occupied by a metal fabrication company, Ottenweller. The company needs less space than the old textile companies but was able to take advantage of the other characteristics of the cutting plant. Ottenweller's location is interesting proof that Mount Airy's economic development strategy for reusing existing industrial buildings works: in 2006, it was announced the company would enter the local market by building a new plant in Elkin. Ottenweller is another small family-owned business, started in 1916 by a blacksmith. This has become characteristic of the new industries in Mount Airy, just like the original manufacturing companies were small and family- or locally-owned.

Adaptive Reuse: Benefits, Barriers, Opportunities, and Consequences

Since adaptive reuse is the likely, and most preferred, next step for the Spencer's complex, it is important to review why and how it is used, its role in redeveloping downtown areas, and its benefits and consequences. Adaptive reuse is a common tool implemented in places whose history or culture is enriched by certain historic buildings. These places are able to keep its most cherished physical aspects while converting the uses to something more in line with their modern needs. Developers and cities work with state and local level policies that accommodate and encourage adaptive reuse construction.

Adaptive Reuse as a Strategy for Revitalization

The movement behind adaptive reuse is supported by a variety of groups including the green building movement and smart growth advocates. In North Carolina, there is a strong record of historic preservation and support for adaptive reuse projects. As mentioned earlier, the state is home to a rich history of manufacturing. The vacant buildings that remained once the industry left the state are ideal for rehabbing into other uses like housing and commercial. They generally cannot be reused for industrial purposes due to the different needs of modern manufacturing.

Figure 21. American Tobacco complex, Durham (Source: American Tobacco website)

In general, adaptive reuse is considered an attractive development strategy because it can have a positive impact in three ways: economic, environmental, and social. Redeveloping an existing property can act as a catalyst for reinvestment in surrounding properties. Sometimes it just takes a little public investment funding to leverage more private investment in the community. In terms of the environment, advocates of adaptive reuse believe it is good practice to reuse buildings instead of building new construction. It reduces the amount of waste sent to landfills and also stops sprawl at city fringes. Last, redeveloping a vacant property can have an immeasurable social impact. It can recapture the lost community identity that was tied up in the building's original use. It can also create a new identity. For example, the American Tobacco complex in Durham originated in the 1880s and was renovated in 2005 into a retail and office complex. The iconic smokestacks and long, narrow buildings now house some of Durham's most cutting edge technology companies (Preservation Durham website, 2009).

An interesting argument for adaptive reuse comes from the housing policy advocacy website, housingpolicy.org, which outlines possible solutions for expanding affordable housing in communities. One of its recommendations is to think creatively about publicly owned land. Moving beyond the vacant land that can be dedicated to new housing, cities and states can inventory any underutilized buildings in their possession that can be reused as affordable housing. The site suggests working across state agencies to identify properties. Here is what they say about the far-reaching benefits of adaptive reuse for affordable housing:

> In slow-growth housing markets, the adaptive reuse of outdated but culturally important structures can give new life to obsolete buildings while adding to the stock of affordable housing. Adaptive reuse can be more difficult and costly than developing housing on undeveloped land, but the added effort and expense may benefit the entire community by preserving a treasured old school, hospital, community center, or other local landmark. It also can provide a vehicle for overcoming NIMBY opposition to affordable housing since community members may be grateful to know that a local landmark will be restored to active use (Housing Policy website, 2009, Under Solutions in Action header).

Even though many of North Carolina's housing markets could not be considered "slow growth" compared to other communities across the country, the recent economic downturn has definitely affected the growth of many of the state's housing markets, including Mount Airy. Even as the housing markets grow, there are many vacant buildings in highly desired locations that could easily be converted. It is possible for governments to value both the preservation of important buildings and increase their affordable housing stock. Part of the total available acreage for Spencer's Redevelopment is city-owned land.

An example of a city prioritizing adaptive reuse to meet its housing needs is the city of Los Angeles' Adaptive Reuse ordinance that was passed in 1999 (Livable places website, 2009). The ordinance encourages the rehabilitation of underutilized commercial buildings to convert them into housing. It originally focused on the downtown area but has been expanded to CRA project areas, which further strengthens the link between adaptive reuse and affordable housing. The ordinance provides three incentives to developers:

1. Expedited Review. Applications are not required to comply with some development regulations and a site plan review is waived.
2. Exemption from parts of the planning codes. Projects are not required to meet the more restrictive parts of the planning code like Floor Area Rations, height, yards, residential density, parking, and loading spaces.
3. New Mezzanines are not calculated in the Floor Area Ratio.

(Livable places website, 2009)

According to Los Angeles' Department of City Planning, the program has resulted in several thousand additional new housing units located close to amenities and jobs. They claim the program demonstrates "that historic preservation can serve as a powerful engine for economic revitalization and the creation of new housing supply (City of Los Angeles website, 2009)." These incentives not only help alleviate the unpredictability of the development review process for adaptive reuse projects but actively encourage and accommodate them. Particularly the second incentive addresses previously identified barriers. Beyond encouraging the redevelopment of Spencer's Complex, the City of Mount Airy could adopt a policy like this one. This way, all of its adaptive reuse support would be codified for developers.

Adaptive reuse can be a successful strategy in communities for many reasons. Typically, the infrastructure required for new construction already exists so developers are saved the costs of building streets, parking, and water and sewer lines. In Mount Airy, the city operates today well under its water and sewer treatment capacity. When the textile mills were in operation in downtown, the population within the cities would grow 3-4x between 7am and 4pm (estimated by city officials for the early 1990s). Also, the operations of these plants required a lot of water usage and treatment, much more than any residential or commercial use would need in its place. As a result, water and sewer infrastructure was built up to a point beyond what is needed now. In terms of parking, the Spencer's complex has a large amount of surface parking from when hundreds of workers drove to the complex every day.

Water System

Municipality/Source	Capacity	Excess
Mount Airy	**8,500,000**	**6,500,000**
Elkin	3,000,000	1,800,000
Pilot Mountain	1,500,000	1,250,000
Dobson	1,500,000	500,000

Sewer System

Municipality/Source	Capacity	Excess
Mount Airy	**7,000,000**	**5,500,000**
Elkin	1,800,000	800,000
Pilot Mountain	1,500,000	1,300,000
Dobson	350,000	150,000

Figure 22 Capacity and Excess figures in GPD, Gallons per day (Source: Surry County Economic Development Partnership, Inc.)

Another reason adaptive reuse can be successful is that existing structures like Spencer's are located near community services and jobs. Spencer's location in downtown means future residents (if housing units are included in a redevelopment proposal) can walk to many amenities and attractions, access the greenway system, and possibly walk to their job. If a civic use is added to the site, like a public meeting space, it too can take advantage of these same amenities. The site's central location is one of its greatest assets.

Proximity to social services is a key component of the Spencer's complex. Mount Airy is home to most of the county's social services and thus attracts many of the lower-income Surry County residents. Most of these residents are concentrated in the neighborhoods near or adjacent to Spencer's. Spencer's could either provide space for some of these services (for instance, Surry Community College's Workforce Development program, day care facilities, or a job placement company), or it could provide below-market housing to accommodate this population. Underserved populations would benefit greatly from the amount of access and choice the site provides.

Possible Consequences of Adaptive Reuse

When considering adaptive reuse as a tool for redevelopment, it is worthwhile to examine the possible consequences it can create. The book, Preserving and Enhancing Communities, by Elisabeth M. Hamin, Priscilla Geigis, and Linda Silka (2007), outlines a potential consequence of Brownfields redevelopment: gentrification. It is defined in the book as the "middle class resettlement of older inner-city neighborhoods long occupied by working class or underclass communities." (2007) In the case of Spencer's Complex, there is no existing residential on the site but the surrounding neighborhoods include lower-income, working class communities. These communities are home to many of the workers from Spencer's who worked at the plant for decades. Redevelopment on the site should be respectful of the mill's previous blue-collar culture in order to fit into the community. Another consequence could be a gentrification of the job market: replacing mill jobs with service sector jobs. This trend is occurring region-wide and cannot be stemmed by one development but it is a trend that should be kept in mind.

Another context-sensitive consequence for the Spencer's complex is the proximity of the public housing project. The housing units are well-maintained and the housing authority does an exemplar job of keeping the entire complex attractive. The project is not cited as a hindrance to redevelopment but any reuse of Spencer's could put pressure on the public housing to relocate or improve its facilities. It would be important to remember that any redevelopment can work to improve the quality of the housing project if it adds services and amenities to the area.

A final consequence of rehabilitation is related to the size of the property. There are up to 10 acres of available land for the Spencer's redevelopment. It clearly is too big to be redeveloped all at once so a phasing plan will need to be implemented. The plan is usually informed by the amount of construction required, the amount of capital available, and what the market can absorb at any given time (Douglas, 2006). Critical and careful planning is needed for phased development.

Potential Barriers to Success

There are also barriers to successful adaptive reuse projects that can hinder or impede projects altogether. If the site is a Brownfield sit e there could be contamination that needs to be removed or mitigated before development can occur. Construction costs can be burdensome; it is unclear whether rehabilitation construction is equal to or more expensive than new construction. Developers may have to work with building codes that are not appropriate for rehabilitation work. Another barrier could be lack of government cooperation and inappropriate or outdated zoning. One of the biggest barriers to completing a rehabilitation project is securing funding sources.

One of the largest barriers for redeveloping industrial buildings is Brownfield remediation. Brownfield site status is the condition in which a property's expansion, redevelopment or reuse is complicated by the presence (real or potential) of hazardous materials or contaminates (EPA website, 2010) The manufacturing activities that occurred at sites like Spencer's have led to hazardous materials being present in the soil or in the building. Obviously, these contaminations need to be remediated before any redevelopment can occur. If vacant Brownfields are left unaddressed, the contamination can affect the surrounding area as well. There are costs associated with remediation, including the expensive cost of getting the site assessed. This process can last for many months and require multiple studies. Some common contaminations are asbestos or lead in building materials, old machinery that needs to be removed, or contaminates that have been dumped on or near the site.

There are a variety of funding sources set up to help developers and municipalities pay for environmental site assessments. The North Carolina Rural Center provides Building Reuse and Restoration Program which provides predevelopment grants for any initial studies or other activity that is needed to secure investor commitments. The EPA provides financial and technical assistance for assessment, cleanup, and revitalization costs associated with Brownfield sites.

An Environmental Site Assessment was recently conducted on the Spencer's Inc. site. It is currently on the NWPCOG's list of brownfields in Surry County. The Council provided funding necessary to complete a Phase I Environmental Site Assessment of the property. The assessment was performed in October 2009 by Terracon Consultants, Inc. and the detailed report of its findings was published in December. The assessment found some contamination on site and recommended a Phase II assessment be completed to determine the scope of contamination on the site. The report was based on interviews, site visits, and historical research which was all included. Once the extent of the contamination is determined, developers or the city can apply to NWPCOG for clean up funding. The NC Rural Center also provides clean up grants for reusing buildings.

Beyond the costs of Brownfield clean up, construction costs can also create complications for adaptive reuse projects. The difference in construction costs between new construction and adaptive reuse is not clear. There are reports that claim both methods are more cost-effective. In the report titled "Does Adaptive Reuse Pay? A Study of the Business of Building Renovation in Ontario, Canada," by Robert Shipley, Steve Utz, and Michael Parsons (2006), costs are compared for residential, commercial, and institutional rehab projects in Canada at three different sizes: Small (<18,000 square feet), Medium (18,000-50,000 square feet), and Large (>50,000 square feet). The study looked at building characteristics and financial information for 75 projects. The researchers strove to use as much hard data as possible while recognizing that applying economics to historic preservation can be a challenge since the value of preservation varies a great deal. The study found that renovation was cheaper on a cost per square foot basis for medium-sized residential and large commercial projects. The tables of the cost comparisons are provided in Figure 23.

Table 2 Cost per square foot of renovation reported in this survey

	Small (<18,000 ft^2)	Medium (18,000 50,000 ft^2)	Large (>50,000 ft^2)
Residential	Too numerous	$144	$231
Commercial	$111	$169	$102
Institutional	$212	$200	Insufficient data

Table 3 Cost of new construction

	Small (<18,000 ft^2)	Medium (18,000 50,000 ft^2)	Large (>50,000 ft^2)
Residential		$155	$130
Commercial	$95	$155	$165
Institutional	$195	$195	

Figure 23. Construction Costs for Renovation and New Projects (Source: Shipley et al)

The study describes some of its findings from interviews on the benefits of renovating older buildings. Many of the benefits are the same as the one previously identified in this report: special character or community identity, building location and site advantages, cost differences, and government incentives. The report also identifies some barriers of reusing older buildings: uncertainty and site remediation, building code and parking, historic requirements, and professional experience and skills (Shipley et al, 2006). The last barrier, professional experience and skills, is important to consider: rehab construction requires skilled construction workers and a strong general contractor to oversee all of the detailed work. Preservationists claim the higher pay these workers receive has beneficial spillover effects in the local economy but finding those skilled workers can be a challenge. Mount Airy's existing adaptive reuse projects are evidence of a skilled rehabilitation construction workforce.

On a more local level, Preservation North Carolina (PNC) conducted a case study of 10 adaptive reuse projects that were industrial properties. Their study found that the cost of reusing and rehabbing an existing building was less than or equal to the cost of new construction of a similar project. The ten projects ranged in square footage construction costs of $30-$125 and none of those costs accounted for the costs of demolition (Preservation North Carolina website, 2009). Demolition costs would be incurred in both new and rehab construction but might be more expensive in new construction since so much more material is being discarded.

Some of the most expensive construction costs can be bringing the building to an appropriate level of accessibility (inserting elevators into the building) and providing enough parking to meet municipal code requirements. In buildings like Spencer's, the previous use means there is already a freight elevator shaft that can be updated and converted to a passenger elevator easily. There is also ample room for parking but if the site was smaller and its surroundings were more built up, it may be a serious issue to find adequate space for parking.

One barrier identified often for adaptive reuse projects is the state building code. North Carolina did not adopt a building code for rehabilitation projects (which includes change of use in an existing building) until 2006, after the latest plan was written. This barrier is identified by many agencies involved with housing development, including the NC Department of Community Assistance in their Consolidated Plan for 2006-2010, a requirement for agencies distributing CDBG funding. North Carolina's building rehab code is modeled after a similar New Jersey building code and a HUD report for Nationally Applicable Recommended Rehabilitation Provisions (NARRP).   Before 2006, builders and developers on adaptive reuse or rehabilitation projects had to comply with the new construction building code, which did not always work out seamlessly. Building to new construction standards for buildings that are sometimes over 100 years old was not feasible and those projects needed a new code that was tailored to them.   The rehab code identifies six distinct categories of alterations to structures that escalate in building code requirements. The highest level of requirements is for change of use alterations, or adaptive reuse.   The code also provides a separate section to address historic buildings. This section describes how variances can be granted for some of the code regulations if compliance would impinge on the historic integrity of the building.

One of the most common barriers to adaptive reuse in North Carolina can be the lack of cooperation by and within local governments. Implementing the rehabilitation of existing building stock is something that requires active prioritization on multiple levels, otherwise the incentives for developers do not line up. In Mount Airy, city officials have a track record of being cooperative with developers on adaptive reuse projects.

City officials have demonstrated their willingness to assist developers by highlighting the process that will need to be undertaken to change the site's zoning. Mismatched zoning is common with adaptive reuse projects: the current zoned land use is outdated and reflects old uses and needs to be changed to reflect the new redevelopment. The Spencer's Inc. site is currently zoned B2 General Business, M1 Industrial, and R6 General Residential. The future developer will need to submit a rezoning request to change the zoning to PUD, Planned unit development. The Renfro Mill project rezoned to a CU-B1, Conditional Use Central Business, but it will be

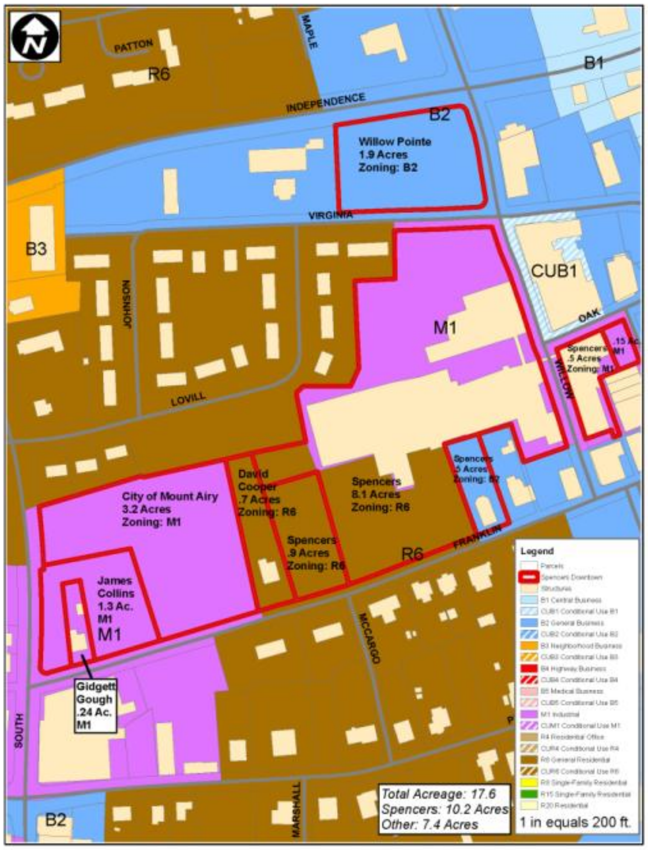

Figure 24. Existing Zoning for Spencer's Inc. Parcels (Source: City of Mount Airy)

easier to do a PUD zoning code. The change to PUD would only need to be approved by the planning board and city staff, not the board of commissioners or the city council so the permitting process will likely be much shorter. This method was recommended by the City Planning Director (personal interview, 2010).

Securing funding for rehabilitation projects can be an insurmountable barrier. Traditional lenders for new construction are sometimes not willing to lend in face of the extra risks, real or perceived, that come with rehabilitation projects. There are extra funding options that are available for adaptive reuse projects that can make it financially feasible. For example, North Carolina has some of the most generous historic tax credits available. Also, the North Carolina Rural Center has a Building Reuse and Restoration Program that provides grants for projects in rural or economically-distressed urban areas. They also provide pre-development grants that can be used for costs associated with initial studies and securing investor commitments (North Carolina Rural Center website, 2009). If projects include affordable housing, they can sometimes take advantage of the Low Income Housing Tax Credit or New Market Tax Credits as well. The tax credit is distributed by the North Carolina Housing Finance Agency. The LIHTC and NMTC are not as attractive as the historic tax credits, though, and are often priced much lower. The following chapter is dedicated to detailing these financial incentives and how they can be used by the Spencer's project.

Summary

Adaptive Reuse can play a large role in reintegrating a vacant piece of property into the social fabric of the city. It can play a role in neighborhood revitalization and stabilization and it can provide new ways and means of employment (Hamin et al, 2007). It can also enhance the community's existing image or help shape a new one. Adaptive Reuse redevelopment projects often help revitalize the area around it. These projects promote equity, environmental protection, and economic benefits for the whole community.

Adaptive reuse projects are not without barriers and potential consequences. These barriers that have been described can stale a project or make it unfeasible. All of the barriers can be mitigated or avoided with proper research and planning. The best way to avoid these obstacles is through coordination between the city, developers, designers, and engineers throughout the planning and construction processes.

Tax Credits

Traditional funding sources for development are not always available for adaptive reuse projects. Traditional lenders are not willing to lend with the amount of risk involved in rehab projects so the state and federal governments have created a variety of tax credit programs to help developers fund projects. These tax credits include the Historic Tax Credit, the Low Income Housing Tax Credit (LIHTC), and the recently-expanded New Market Tax Credit. Each of these could be available to for the Spencer's Complex depending on a number of qualifications. These tax credits are awarded to the project and are sold to syndicators at different rates, depending on the program.

Historic Rehabilitation Tax Credits

The federal and state historic tax credits are the most likely tax credits a developer will utilize. The current federal tax credit available is equal to 20% of the total rehabilitation costs (not including the cost of land acquisition). North Carolina offers some of the most generous historic tax credits and for a project like Spencer's, there are two options available: the traditional state historic tax credit and the historic mill rehabilitation tax credit. The traditional state tax credit is equal to 20% of the rehabilitation costs for an income-producing property. Combined with the federal tax credit, it offers the developer 40% of the rehabilitation costs in tax credits.

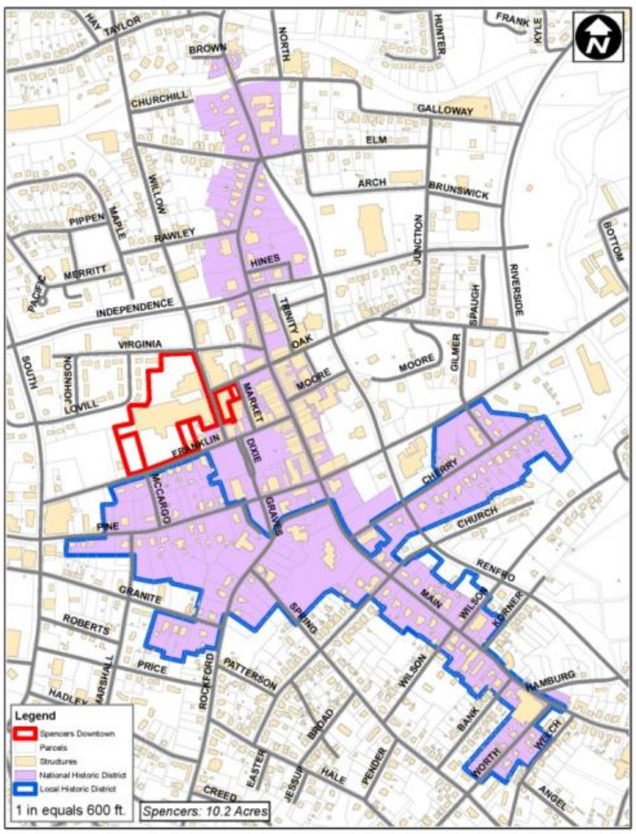

Figure 25. Map of Historic Districts in Mount Airy (Source: City of Mount Airy)

North Carolina Historic Mill Rehab Tax Credit

The historic mill rehabilitation tax credit is available in some states, including North Carolina. In response to the vast amount of mill closures by textile, tobacco, and furniture companies across the state, North Carolina created this tax credit as an economic development tool to enhance the feasibility of reusing the old industrial sites. The amount of tax credit depends on which county the project is located in: counties are divided into three tiers. Tiers one and two offer a 40% state tax credit for income-producing properties, or a total of 60% when combined with the 20% federal historic tax credit. Surry County is considered Tier one so Spencer's developers have a huge incentive to use this tax credit.

In order to use these tax credits, eligible sites must satisfy all of the following conditions provided from the State Historic Preservation office (SHPO) website:

- It is a “certified historic structure” or a State-certified historic structure that is individually listed in the National Register of Historic Places or is certified by the State Historic Preservation Officer as contributing to the historic significance of a National Register Historic District or a locally designated historic district certified by the United States Department of the Interior.

- It was used as a manufacturing facility or for purposes ancillary to manufacturing, as a warehouse for selling agricultural products, or as a public or private utility.

- It has been at least eighty percent (80%) vacant for a period of at least two years immediately preceding the date the “eligibility certification” is made.

- The cost certification documents that the qualified rehabilitation expenditures for a site for which a taxpayer is allowed a credit under section 47 of the Code or the rehabilitation expenses for a site for which the taxpayer is not allowed a credit under section 47 of the Code exceed three million dollars ($3,000,000) for the site as a whole. (SHPO website, 2009)

The Spencer’s complex already meets the second and third conditions. The developer would need to apply to get the site listed on the National Register of Historic Places. The mill tax credit was used by the Globe Tobacco Loft project as well as Golden Belt in Durham. State Historic Tax credits, not the mill tax credit, were used in the Renfo Mill project. The tax credits were not sold to a syndicator for project equity, which is what normally occurs. Instead, the tax credits were passed through to the buyers of the housing units. This allowed the developers to offer more incentives to buyers but it would not be very practical for the Spencer’s Inc. project because the amount of tax credits they are likely to receive would mean each tenant would receive more credits than the amount of tax liability they would likely have each year. For the Spencer’s Inc. redevelopment, it would be better to use the tax credits to get more project equity and reduce the amount of debt for the developer.

Low Income Housing Tax Credit

The LIHTC is available for the project if it includes a satisfactory amount of housing units below market rate. The LIHTC was enacted by Congress in 1986 to incentives private investment in affordable rental housing (HUD website, 2010). Federal tax credits are awarded to developers who then sell the credits to investors to raise capital for the qualified project. This helps reduce the amount of debt the developer would have to borrow. This also helps lower the rents the developer eventually charges to its residents. Investors who buy the tax credits receive a dollar-for-dollar credit against their federal tax liability each year for 10 years. Figure 26 is an example provided by the HUD website to demonstrate how the tax credits have a larger impact than a deduction.

The tax credits are allocated to state housing finance agencies who award developers the credits. The amount allocated to each state is based on the number of residents. The North

Credits versus Deductions	
Credits: Tax credits are subtracted directly from one's tax liability. Credits reduce tax liability dollar-for-dollar.	**Deductions**: Tax deductions are subtracted from a taxpayer's total income to compute his or her tax base. Deductions reduce tax liability by the amount of the deduction times the tax rate.
For example:*A $1,000 credit in a 15% tax bracket reduces tax liability by $1,000.*	**For example**:*A $1,000 deduction in 15% tax bracket reduces taxable income by $1,000, thereby reducing tax liability by $150.*
As the examples illustrate, tax credits can have a much larger impact than tax deductions.	

Figure 26. Difference between Credits and Deductions (Source: HUD website, 2004)

Carolina Housing Finance Agency manages the low income housing tax credit program in this state. Developers are awarded credits according to a prioritized point system, all described and updated every year in the Qualified Allocation plan.

To be a qualified project, Spencer's Complex Redevelopment will need to:

- Be a residential rental property.
- Commit to one of two possible low-income occupancy threshold requirements:

  The project needs to follow either the 20-50 Rule or the 40-60 Rule. The 20-50 Rule means 20% of the units must be rent-restricted and occupied by households with incomes at or below 50% of the HUD-determined Area Median Income. The 40-60 Rule means 40% of the units must be rent-restricted and occupied by households with incomes at or below 60% of the AMI.

- Restrict rents, including utility charges, in low-income units.
- Operate under the rent and income restrictions for 30 years or longer, pursuant to written agreements with the agency issuing the tax credits. (HUD website, 2004)

The amount of affordable units is by no means limited to these numbers; a project receives credits for the number of affordable units it provides so it could provide up to 100% all affordable units and receive the maximum amount of tax credits. Globe Tobacco used LIHTC for equity and has almost 80% of all units at restricted rents.

New Market Tax Credit

The New Market Tax Credit (NMTC) is relatively new compared to the LIHTC and the historic tax credit programs; it was authorized by Congress in 2000 to stimulate private investment in economically-distressed areas (Seidman, 2005). It is administered by the Community Development Financial Institution (CDFI) and private investors receive tax credits in return for making equity investments in Community Development Entities (CDEs) that invest in qualified businesses located in distressed areas. Projects that can use NMTCs need to be located in a qualified census tract. A developer of a project can become certified as a CDE in order to apply for NMTC allocations. Most commercial and mixed-use real estate development projects located in qualified census tract are considered qualified businesses and can be awarded New Market Tax Credits. If the project

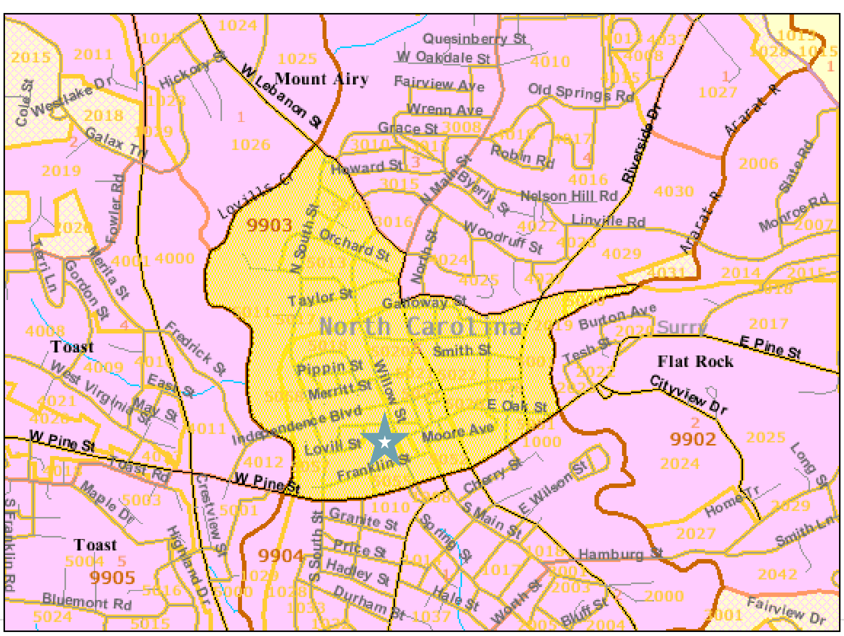

Figure 27. Map of Census Tracts in Mount Airy with star on Spencer's Inc. site (Source: American Factfinder, 2010)

consists solely of residential use, though, it does not qualify. Essentially, NMTCs provide a way to attract capital instead of substituting a source of investment income. CDEs still need to provide an investment strategy that will generate a satisfactory return to their investors.

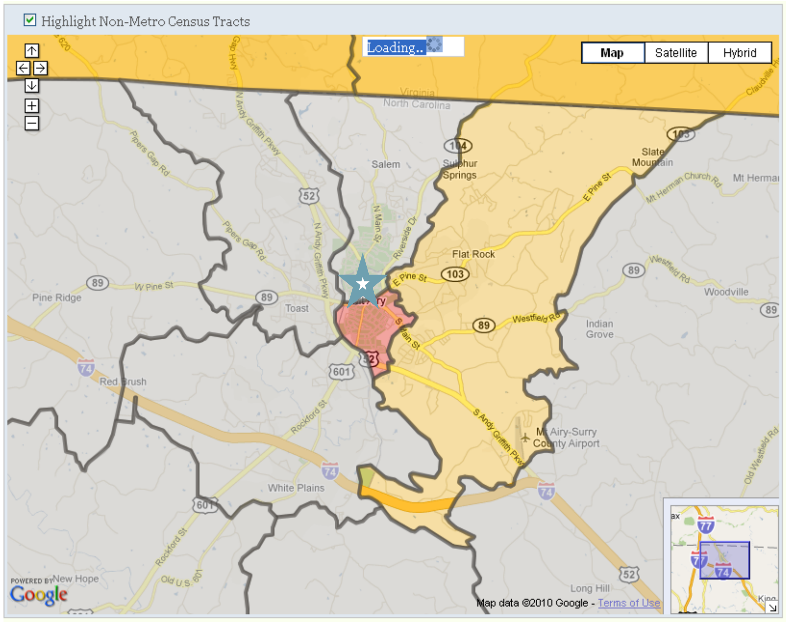

Figure 28. Map of Qualified Census Tracts for NMTC (Source: National Trust Community Investment Corporation website)

The new market tax credit can be used with the historic tax credits, and their combined use is encouraged. Due to the liberal parameters of a qualified census tract, most central business districts and 68% of all federal historic tax credit projects are in qualified tracts.

The Spencer's Complex is located in Census Tract 9903 which is not a qualified census tract. Figure 27 shows the census tracts in Mount Airy and the site of Spencer's Inc. is indicated on the map by the star. It is next to census tract 9904, which is a qualified tract. Figure 28 shows the qualified census tracts (in red and yellow) as well as the Spencer's Inc. site (the blue star). The site is very close to the somewhat arbitrarily-placed boundary of census tract 9904: it is one block away. The low-income neighborhood in tract 9904 is the closest section to Spencer's. The New Market tax credit program was recently expanded to encourage private developers to use it more frequently (CDFI Fund, 2009). Based on a consultation with a new market tax credit expert at Self-Help Credit Union, it is possible that Spencer's could still qualify. If the redevelopment plan provides services (below-market rate housing, social services, assisted living are some examples) then it could qualify. The Federal Government's interest in expanding the program means that future Spencer's, Inc. developers should still pursue applying for the tax credit program, despite the census tract disqualifications.

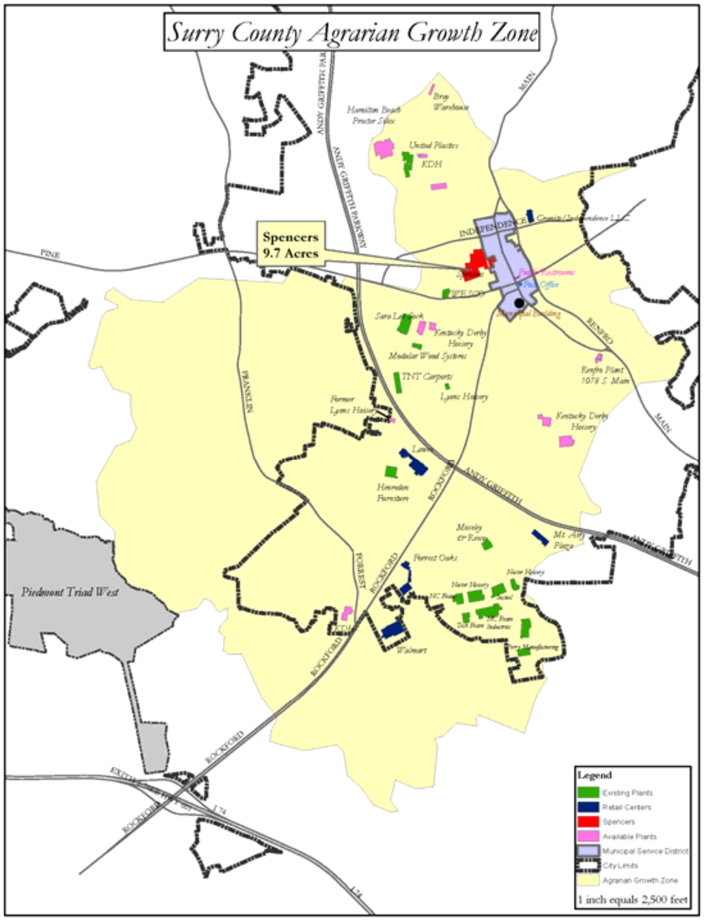

Figure 29. Map of Agrarian Growth Zone in Surry County (Source: City of Mount Airy)

Agrarian Growth Zone

Tax credits and similar incentive programs are provided by the County as well. Surry County recently established an Agrarian Growth Zone, designed to stimulate new investment and job creation in economically-distressed areas, according to the Surry County Economic Development Partnership (2010). This incentive is not housing-focused but jobs-focused. It provides tax credits for industries and businesses that are recruited into the agrarian growth zone. The Spencer's complex is one of thirteen vacant complexes located within the zone. If a revitalization plan for Spencer's included businesses, this tax credit could be used to bring jobs back to the site.

Summary

Tax credits as an additional equity source are available for Spencer's Inc. redevelopment but they all call for extra steps like specific program requirements and applications to the National Register of Historic Places. The developers will have to decide which programs they are interested in pursuing. All of the programs can help lower the amount of debt that will need to be borrowed.

Housing in Surry County

A study of the housing market for Mount Airy is most appropriately conducted at the county level since the city is small and it plays an important role for the county. This section describes the population, housing, and employment characteristics in the Surry County.

Mount Airy is the largest city in Surry County, see Figure 30. Naturally, Mount Airy provides most of the services for the county. It is the location of the only Public Housing Authority in the county. It serves as the retail and commercial hub for the county (and region) and it is where most jobs are located.

Place	Total Population
Surry County	71,219
Dobson	1,397
Elkin town	4,164
Mount Airy	8,460
Pilot Mountain	1,261

Figure 30. Total Population in 2000 in Surry County and its Places. (Source: US Census Bureau)

Figure 31 shows that Mount Airy has the largest amount of workers, housing units, and households with public assistance, compared to the three other census recognized places in Surry County. Also, out of the four places, Mount Airy is the only place with more workers working in the city than out of the city. All of the other places have more workers leaving their town to go to work. This shows that Mount Airy is an employment hub in Surry County.

	Surry County	Dobson	Elkin	Mount Airy	Pilot Mountain
Total Population	**71,219**	**1,397**	**4,164**	**8,460**	**1,261**
Population living below poverty level (1999):	8,685	306	502	1,589	194
Population living above poverty level (1999):	61,242	1,006	3,471	6,379	1,061
Total Number of Workers:	**33,458**	**561**	**1,753**	**3,456**	**558**
Living in a Place:	8,676	561	1,753	3,456	558
Worked in Place of residence	3,157	207	779	1,935	164
Worked outside Place of residence	5,519	354	974	1,521	394
Not living in a Place	24,782	0	0	0	0
Total Housing Units	**31,033**	**598**	**1,907**	**4,101**	**660**
Total Number of Households:	**28,392**	**546**	**1,707**	**3,640**	**586**
With public assistance income	562	13	17	113	11
No public assistance income	27,830	533	1,690	3,527	575

Figure 31. Population Figures in 2000 for Surry County and its Places. (Source: US Census Bureau)

Surry County residents are 90.4% white and 4.2% black (NWPCOG, 2010). There is a small but steadily growing population with Hispanic origin: 6.5% in 2000. According to projections made by NWPCOG, the number of white residents will decline and the number of residents with Hispanic origin will be 11.8% of the population in 2014. Overall, it is projected that Surry County will become more racially and ethnically diverse.

The projections made by the NWPCOG for 2014 for Surry County's growth in population, households, families, ownership households, and median household income are all very small. There will be little, almost stagnant growth between 2009 and 2014. Most stagnant is the number of families in the county which will grow by 0.05%, compared to a national projection of 0.74%. Also, owner-occupied households are projected to increase 0.23% which is 5 times less than the national projection of 1.19%.

Trends: 2009-2014 Annual Rate	Surry County	National
Population	0.23%	0.91%
Households	0.24%	0.94%
Families	0.05%	0.74%
Owner-occupied Households	0.23%	1.19%
Median Household Income	0.46%	0.80%

Figure 32 Trends in Growth, 2009-2014 Annual Rate (Source: Northwest Piedmont Council of Governments)

Surry County's housing is characterized by its rural location and majority renter-occupied status. Most of the housing units in Surry County are in rural areas and the majority of units that are in urban areas are in Mount Airy. More than half of the housing units in Mount Airy are renter-occupied. Mount Airy's median household income in 1999 is $6,136 less than the county's median household income. This may be due to the concentration of low-income households concentrated in Mount Airy.

	Surry County	Dobson	Elkin	Mount Airy	Pilot Mountain
Total Population	71,219	1,397	4,164	8,460	1,261
Median household income in 1999	$ 33,046	$ 26,765	$ 31,698	$ 26,910	$ 33,529
Median gross rent	$ 411	$ 346	$ 445	$ 367	$ 397
Total Housing Units	31,033	598	1,907	4,101	660
Renter-occupied Housing Units	17,255	381	956	2,331	334
Owner-occupied Housing Units:	13,778	217	951	1,770	326
Housing units with a mortgage	7,888	106	508	1,019	194
Housing units without a mortgage	5,890	111	443	751	132

Figure 33 Housing and Income Statistics in 2000 for Surry County and its Places. (Source: US Census Bureau)

Examining employment statistics for Surry County workers reveals a lot about how much they are able to pay for housing. According to the NWPCOG 2009 Market Profile of Surry County, the top three industries with the most employees were Services (37% of employed population of age 16), Manufacturing (20.9%), and Retail trade (12.0%). According to the North Carolina Employment Security Commission estimates, based on numbers from 2005-2008, there were 25,130 workers in Surry County in 2009. The top three occupations with the most employees were office and administrative support, transportation and material moving operations, and food preparation and serving-related occupations. The average (unweighted wage) is $17.55 per hour. Since the number of workers in each occupation and the average wage for each occupation varies so much (from $8.39 for food preparation and serving to $41.21 for management occupations), it is worthwhile to create a weighted average wage to get a better sense of what most workers make. The weighted average hourly wage, weighted by the number of employees in each occupation, is $15.85. From that hourly wage, a weekly wage of $634.18 (40 hours per week) and an annual salary of $32,978 (52 weeks a year) are extrapolated. The weighted hourly wage is lower than the unweighted because of the amount of service employees. The annual salary is probably high since it assumes 52 weeks of 40 hours of work so there is no account for time off or unpaid vacation hours. The commonly accepted amount of one's annual salary that should go toward housing costs is 30% of one's annual salary, before taxes. 30% of $32,978 is $9,893 or $824 per month. This calculation would include the cost of rent and utilities. If the median hourly wage ($14.09) is used instead of the weighted average, the extrapolated annual salary is $29,307 and the monthly housing budget is $733, almost $100 less than the weighted average calculations. This median housing budget is still much higher than the median gross rent in Surry County, $411, reported earlier. These rough calculations show that residents in Surry County can afford to rent housing at higher prices than they are currently. Residents may not have enough housing rental options in the places they want to live and might be willing to pay more to live closer to services, amenities, and jobs.

Summary

Based on the calculations above, it is clear that Surry County and Mount Airy residents rent their homes more than own. This trend is projected to remain (the proportion of renters to owners will stay the same) most likely due to area preferences and the recent economic downturn and lending crisis. Residents will likely want to live or continue to live close to services and their jobs as well as the cultural amenities, all of which are concentrated in Mount Airy.

These projected needs and demands mean that rental property in Mount Airy, especially downtown area, is likely to remain desired. A redevelopment of Spencer's Complex can offer new and additional housing units into the market. Rental housing is more likely to be successful than owner-occupied. As the City works to bring more jobs to Mount Airy and the tourism industry expands, more residents will have good reasons to live downtown.

Spencer's Complex Redevelopment

The Spencer's complex has potential to alter the downtown Mount Airy landscape on many fronts. Its rich history, both physical and social, can be preserved; new housing and commercial activity can be added to downtown; a large amount of vacant land gets revitalized; a nearby neighborhood could benefit from spillover effects. Any potential benefit from adaptively reusing the Spencer's complex will depend on addressing the city's goals for the site as well as some development issues that exist. The city, ultimately, wants to see the property redeveloped most appropriately while recognizing the sensitive market conditions. Historic preservation designation and financial incentives both come with long application processes, the current zoning needs to be changed, and most importantly, any environmental hazards need to be remediated. These issues are all overshadowed by the lagging economy and lack of financial lending as well as past unsuccessful efforts to redevelop the site.

Figure 34. West Side Development Master Plan Vision for Spencer's Inc., Option 1 (Source: City of Mount Airy)

West Side Development Master Plan

The economic prosperity that runs along Main Street does not always reach beyond to neighboring streets. Market Street is located between Spencer's and Main and it has a row of empty storefronts that were once occupied and active. This pocket of vacancy, along with the Spencer's complex, was the focus of the West Side Development Master Plan created for the City by Arnett Muldrow & Associates in 2004. The Plan recognizes factors like Mount Airy's manufacturing decline, the suburban retail growth that has occurred on the city fringes, and the vacant properties around or in downtown that have plagued the city from being a strong and successful community. A Comprehensive Economic Development Strategy was created by Angelou Economics and the Plan itself provides a “roadmap for the continued improvement of downtown.” (Arnett Muldrow & Associates, 2004, p.1) The West Side is the area between Main Street to the east, South Street to the west, Independence Boulevard to the north, and Pine, Rockford, and Cherry Streets to the south.

The first part of the plan creates an economic development strategy for Downtown Mount Airy. The study found that downtown businesses are mostly independent specialty stores and tourist-oriented retailers. A small amount of retailers sell apparel, furniture, hardware, and sporting goods. The plan states that these retailers provide stability to the area. These merchants and others can serve visitors and local residents equally, which is important for a downtown that includes permanent residents. Mount Airy also serves as a retail hub for the region, which includes Patrick County in Virginia, and Wilkes, Stokes, and Yadkin counties in North Carolina. The variety of consumers in downtown at any given time led the plan makers to conclude that downtown and more specifically, the West Side of downtown could focus on consumer services and hospitality. Also, its close proximity to multiple outdoor activity areas means the downtown could serve as a “base camp” for recreation. The base camp concept is strengthened by the existence of an extensive greenway system that goes through downtown and connects to the North Carolina Mountain-to-Sea trail (Mount Airy Comprehensive Greenways Master Plan, 2007). They also suggest downtown could absorb more restaurants. The plan also recommends

Figure 35. West Side Development Master Plan Vision for Spencer's Inc., Option 2 (Source: City of Mount Airy)

downtown area-wide improvements like changing Main Street to two-way traffic.

While the first and second parts of the plan focuses on retail and marketing strategy, it recognizes the relationship between the retail experience and physical improvements like streetscape design and parking. The third part is solely focused on the physical strategy for downtown Mount Airy. It divides its recommendations into three key areas: Market Street, the south end of Main Street, and the Spencer’s complex.

For Market Street, streetscape improvements and public parking is recommended. Also, a farmer's market is proposed for the site, due to its proximity to Renfro Mill. These improvements and additions are likely to spark private investment in the buildings along Market. Restaurants with outdoor dining are encouraged by the plan. Some of these improvements are in line with the vision of one of the current property owners on Market who would like to see street improvements made before they invest in rehabbing their property. They would also like to see utility lines be buried but it is expensive and would require extra revenue from a nearby redevelopment project, like Spencer's. Overall, the Market Street area is envisioned to become a lively, local-population serving district with a busy public realm.

The Spencer's complex improvements center on a re-envisioning of the site and its uses. The plan suggests office space be put into the buildings between Willow and Market Street. The older buildings across Willow Street (on the west side) are proposed to become residential units like Renfro Mill. The vacant land on the complex could be used to extend the Lovell Creek greenway into downtown and as space for the new construction of a variety of single-family and multi-family housing units. The plan offers two options for redeveloping the Spencer's complex. They consist of mostly residential uses with limited commercial use and recreational use limited to the greenway.

The rest of the plan focuses on creating partnerships with community organizations to advance the goals of the plan. Some recommendations that influence development are to create a group of civic leaders to maintain interest and progress the citywide Master Plan effort, develop a self-financing bond district, study other revenue sources, apply for CBDG funds for Market Street, and look into creating a 501C4 Development Corporation. The city created a municipal services district which acts like a business improvement district and applies an annual tax to property owners in the downtown area. The revenue can be used for façade improvements and other streetscape improvements.

The city has struggled to secure CDBG funding since it is not large enough to be an entitlement city and must compete for the NC Department of Community Assistance pool of CDBG money for small towns. The application process is competitive and the last time Mount Airy received an award, it was for a $40,000 grant to connect low-income housing units to existing water and sewer infrastructure (personal interview, 2010).

The West Side Development Plan offers an implementation strategy that aligns tasks to responsible agencies and timeframe. It is recognized that the implementation strategy board is not static and will be revised as needed.

Landmark Development Group Concept Plan

In 2008, Landmark Development Group Inc., from Winston-Salem, created concept plans for the complex and began proceedings to acquire the property. Landmark developed Globe Tobacco Lofts so they were familiar with the type of project: adaptive reuse of an industrial building in Mount Airy. The proposal worked off the 2004 West Side Development plan to create a mixed use development with residential, commercial, and civic spaces.

Figure 36. 2002 Aerial of Mount Airy with property boundary overlay (Source: City of Mount Airy)

The oldest buildings are rehabilitated for residential use in the same manner as Renfro Mill. These buildings are the most likely to qualify for the National Register of Historic Places. Some of the newer structures, especially those that were built as additions to older structures, are demolished to create open space between uses and expose historic windows. The south-most building, the knitting plant and dye house, becomes a convention center or exhibit hall for the city and the remaining square footage becomes business commercial space.

The proposed convention center would have small meeting and break-out rooms as well as a large exhibit space and it would accommodate groups of around 300 people. This specific use was one specified in the West Side Development Master Plan. The lack of a convention center is one of the main barriers for the city to attract conferences and conventions. The site plan calls for selective demolition of the building in front of it (called the Big Roof building) to create an engaging, unique outdoor congregation space. The demolition plan also allows the proposed convention center to be visible from Oak Street.

The proposal creates 22,538 square feet of Business Commercial space, 94,830 square feet Civic Commercial, and 161,648 square feet of Residential. It demolishes 61,034 square feet leaving a total building square footage of 340,050. The residential space consists of 80 total units: 16 1-bedroom units, 40 2-bedroom units, and 24 3-bedroom units.

Landmark presented the concept plan to city officials in July 2008 and received a great deal of praise. At the time, the property owner was "very receptive" according to a local newspaper article (Corwin, 2008, p. 1). City planners compared the residential component to the Globe Tobacco Lofts. At the time, there was generally overall support from the community and development leaders. Unfortunately, Landmark was unable to finalize the purchase of the property so their plan has been abandoned.

IKE Development

In 2009, Spencer's Complex received attention again from two new developers. RWN Properties, from the Charlotte region, and IKE Development began working together on a redevelopment plan. Both entities have a history of redeveloping retail, commercial, and housing space and IKE specializes in "revamping undervalued real estate assets for new uses." (Joyce, 2009) When interviewed for the local newspaper, the developers did not want to elaborate on their plans saying they were in a very early stage. Although no new plans have been revealed yet, the new set of developers has known the Spencer's property owner, Jim Crossingham, for a very long time. They also cited the local government as being very accommodating to their needs.

Going Forward: Recommendations for Future Redevelopment Plans

This study has identified a number of conditions and issues that will need to be addressed in any redevelopment plan for Spencer's Inc. Mount Airy's history is built into the Spencer's Inc. complex, literally and figuratively. The site's location in downtown and adjacent to existing neighborhoods makes it attractive for a mixed use development. The state of housing in Surry County means the redevelopment should include rental housing. That housing should be in some part available at below-market rents since Mount Airy has so many low-income service providers. Most importantly, the redevelopment should be context-sensitive: physically, economically, and socially.

One of the steps that should take place in order to qualify for state and federal historic tax credits, like Renfro Mill and Globe Tobacco, is to get the site listed on the National Register of Historic Places. This is one of the ways to qualify for historic tax credits. The other way is to get the site added to the nationally-recognized historic district in Mount Airy. The district borders the property but does not include it. This method would likely require a longer process than the National Register and ties any rehabilitation of the property to the regulations of the local district. Either process can take months, requires a lot of exhaustive documentation, and can take even longer if the person submitting the application is not experienced in historic preservation processes.

Based on the facts presented in this study, a mixed-used development with residential and commercial space would be best for the Spencer's Inc. complex. The residential units should be renter-occupied with an appropriate proportion of the units offered at restricted rents. The commercial office space could be made available as a small business incubator for community entrepreneurs. This would be in the spirit of Mount Airy as a place that encourages its local business owners to prosper and grow within its boundaries. It would also help the project qualify for New Market Tax Credits. One of the critical issues a future developer must address is the immeasurable importance of Spencer's social history in Mount Airy. The mill was one of the last downtown facilities to close and it was in operation for almost 100 years. A tour of the facility by a long-time Spencer's employer revealed a sense of ingrained community that existed when the plant was in operation. She easily recollected her favorite work moments, where her friends and family were stationed, and big events like birthday and retirement parties. Generations of family members worked together in the close-knit work environment. Working at Spencer's was a proud achievement for Mount Airy residents. The small-town charm that permeates throughout Mount Airy existed within the walls of the mill and should continue to be captured by the next reuse of the facilities.

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